

WATER ALLOCATION PROGRAM DEVELOPMENT WATER RATES COMMITTEE MEETING

MINUTES OF MEETING

June 4, 2003

Members Present:

Ken Burke
Jean Bondarevskis

Members Absent:

Brenda Baum
Anna Coelho*
Anthony Simeone
Ted Garille
Ken Payne
Bill Cox
Brian Bishop
George Burke
John Bell
Guy Lefebvre

**designee for Anthony Simeone*

Guests:

None

Water Resources Board Staff:

Connie McGreavy

I. CALL TO ORDER

Ms. Jeanne Bondarevskis called the meeting to order at 10:13AM.

II. APPROVAL OF MINUTES

On a motion by Ms. McGreavy, seconded by Mr. Burke, the minutes of the May 7, 2003 meeting were approved.

III. ITEMS FOR ACTION

A. Approval of Report Outline for WAPAC Committee Presentation

Ms. Bondarevskis went over the draft outline prepared for presentation to the full WAPAC and to draft the report. Ms. McGreavy mentioned that she thought an Executive Summary should be listed first. She also felt that the Medium and Low priority tasks should also be listed in the outline. We then reviewed the medium and low priority tasks. Many of them were related to, or will address subsections, of the high priority tasks. Mr. Burke questioned Hydrant fees as a mechanism to recoup costs. In most areas these fees are not tied to volume used. Perhaps if the volume of water could be estimated, a unit cost could be devised. As an incremental step, perhaps it could be metered with a reasonable rate charged. In the long term, infrastructure may be necessary for fire fighting purposes. Ms. Bondarevskis mentioned that she saw a presentation by the then AWWA president that mentioned the future trend of public water supply systems being used for non-potable water distribution, with other water sources used for potable water. This was presented as food for thought as federal regulations get increasingly more stringent and economically difficult to attain.

Another medium priority task was to quantify un-metered water uses. Ms. Bondarevskis offered to revise the spreadsheet prepared to calculate a potential DSM charge and add columns that would aggregate the metered and non-metered uses by supplier. The percentages could then easily be calculated. The medium priority task to categorize suppliers is done. Ms. Bondarevskis will add a summary which will group the suppliers into fewer categories. The next task to investigate standardization of reporting rates via software has also had significant work done. Mr. John Faile provided his insights to Ms. McGreavy who shared it with the committee. We basically will use the comparison of existing water bills as a vehicle for encouraging more consistency in water bills throughout the state.

The committee then discussed the potential DSM and who would get the money. A question that is still only partially answered is what to do with the money? The uses of the funds must be clearly defined. The committee was concerned that if the funds are not set up as restricted funds, the local or state governments could use the funds for other purposes. This concern is heightened by the current economic climate and budget problems throughout the state. Ms. McGreavy mentioned that she reviewed the PUC law and DSM charges. The fee was split between a DSM component and a renewable component. Ms. Bondarevskis then felt that the Water Suppliers could then administer the DSM charge with another piece going to the state to implement statewide needs, additional stream flow gauges, etc. Another concern is that this will then result in cross subsidization with urban customers on public water supply subsidizing more rural customers on private supplies. Is this fair? Some type of fees would also have to be assessed on private well owners if they were to share in the benefits of the program.

The committee also felt that an indication of the annual amount that would be paid by a typical public supply customer would be a good piece of information. Self-supply could then be assessed a fee that would be comparable. The fee could then be charged every 3-5 years if it were not feasible to charge every year.

Drought surcharges were discussed as being necessary for public suppliers to offset revenue lost due to reduced consumption. Ms. McGreavy mentioned that it could be applied to drought regions. A drought surcharge on self-supply could be used for extra monitoring. However, a database for billing purposes would be needed. A DSM could be used for technical assistance and conservation efforts, whereas a drought surcharge would be used for additional monitoring during the drought. The application of a flat fee has certain benefits in that revenue is predictable. A volumetric rate is more conservation oriented which lines up with the State Guide Plans, but there is less predictable revenue. The committee also discussed the use of restricted funds where unspent funds can be carried over to future years. Mr. Burke mentioned Westerly's experience.

The committee then looked at the Water Supplier breakdown by service connection. It was noted that there are many small public suppliers. They may have to be treated as self supply. The issue of equity came up again in relation to capturing all suppliers, or just large suppliers. Should a DSM charge be used or a once/5 year fee?

IV. ITEMS FOR DISCUSSION:

A. Follow Up Regarding Top Five Priority Areas

The committee then moved on to a review of the assigned tasks.

Task 1 – Investigate pricing water according to value, full cycle of water use and future supply

Ms. Bondarevskis brought additional research materials obtained through the American Water Works Association Research Foundation (AWWARF). These research materials do discuss the pricing of water and can be useful to the committee.

Task 2 – Prepare spreadsheet of water rates statewide

The spreadsheet needs some minor adjustments, but is a very good document. The committee still needs the cost of wastewater in the various communities. We hoped to create an additional spreadsheet, which will show the water, wastewater and combined cost of water for each of the major suppliers listed.

The Summary of Water Bills has been prepared and is a good document.

Ms. McCreavy was going to contact Deb LeFleur at DOH to ask for an explanation of the categories used by DOH.

Task 3 – Consider Demand Side Management charge, i.e., Conservation Fund

The spreadsheet needs additional adjustments. An additional page will be added to show the impact to a typical customer.

The list of public Water Suppliers has been grouped. A summary will be added by Ms. Bondarevskis.

The committee does need to follow up on the legislative impact of its recommendations.

Task 4 – Evaluate use of Other Fees (hydrant fees, registration fees, impact fees)

The committee has not evaluated this task to any depth.

Task 5 – Investigate seasonal and preferred rates for those that optimize water use

With the availability of the research documents from AWWARF, the committee may be able to address this task and develop a recommendation.

B. Reports on Relevant Studies

The research reports were reviewed. Mr. Ken Burke agreed to review the “Impacts of Demand Reduction on Water Utilities” and prepare a one-page summary for the committee. Ms. Bondarevskis contacted the following committee members who also agreed to review the studies and prepare a brief summary. Mr. Simeone agreed to review “Long Term Effects of Conservation Rates”, Mr. Lefevbre agreed to review “Water Affordability Programs”. Brian Bishop agreed to review “The Effectiveness of Residential Water Conservation Price and Nonprice Programs.

V. OTHER BUSINESS

- A. Ms. Bondarevskis will plan to report to the WAPAC on July 24th and will begin to draft a power point presentation.
- B. The next sub-committee meeting will be held on **July 2nd** at 10:00 AM - 12:00 at the Providence Water Supply Board, 552 Academy Avenue, Providence, RI. Preparation for the presentation will be the focus. The full WAPAC meeting for our Committee’s presentation is scheduled for July 24.

VI. ADJOURNMENT

On a motion by Ms. Bondarevskis, seconded by Ms. McGreavy, the meeting adjourned at 1:40 PM.

Respectfully submitted,

Jeanne Bondarevskis
Providence Water

**Note: For more information on Water Allocation, visit: <http://www.seagrant.gso.uri.edu/scc/wrb/index.html>.*